

Message Text

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ACTION EUR-12

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LIMITED OFFICIAL USE OECD PARIS 05009

C O R R E C T E D C O P Y (PARA 2 LINE 5 WORD "NOT" ADDED)

PASS: EB FOR PREEG; TREASURY FOR GRIFFIN

E.O. 11652: N/A
TAGS: EINV, OECD

SUBJECT: BADGER BELGIUM BANKRUPTCY

REF: (A) OECD PARIS 4765, (B) BRUSSELS 1418

1. MISSION OFFICER WAS CALLED FEBRUARY 17 BY LANGER
(MANAGING DIRECTOR, BADGER NETHERLANDS AND ACTING MANAG-
ING DIRECTOR, BADGER BELGIUM) AND STEWART (RETIRED
RAYTHEON OFFICIAL, AND REPRESENTATIVE OF INTERNATIONAL
MANAGEMENT OF BADGER FOR FEBRUARY 21 MEETING WITH UNION
OFFICIALS (REFTEL A). CURRENT STATUS OF BADGER BELGIUM
SITUATION WAS REVIEWED BY THESE CORPORATE OFFICIALS.

2. LANGER AND STEWART CLARIFIED ANTWERP COURT DECISION
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(REFTEL B) TO DECLARE A "FAILLITE," AND NOT TO ESTABLISH
A CONCORDAT (AMICABLE SETTLEMENT). FOR OBTAINING A CON-
CORDAT, COURT MUST DETERMINE THAT COMPANY IS "UNFORTUN-
ATE" AND HAD BEEN (WITHIN MOST RECENT SIX-MONTH PERIOD)
"UNFAITHFUL." IN BADGER BELGIUM CASE, COURT WAS WILLING
TO DECLARE THAT COMPANY HAD NOT BEEN "UNFAITHFUL;" HOW-
EVER, COURT WAS UNWILLING TO DECLARE IT "UNFORTUNATE."

HENCE, COURT DECISION FOR "FAILLITE." BADGER OFFICIALS ARE SUFFICIENTLY SATISFIED WITH DECISION SO THAT THEY HAVE DECIDED NOT TO APPEAL.

3. IN ANSWER TO SOME OF THE QUESTIONS POSED PARA 4 REFTEL A, LANGER AND STEWART MAINTAINED THAT ALL REQUIREMENTS (TO THEIR KNOWLEDGE) OF BELGIAN LAW HAD BEEN MET BY BADGER. THEY REAFFIRMED THAT BADGER BELGIUM HAD NOT WITHDRAWN ANY DIVIDENDS FROM BELGIAN SINCE 1965. IN ANSWER TO QUESTION OF HOW MANY WORKERS WOULD BE DISADVANTAGED (AFTER "FAILLITE" AND AFTER USE OF SPECIAL INDEMNITY FUND), THEY ESTIMATED THAT TWO-THIRDS (APPROX. 160) OF THE WORKERS WOULD BE FULLY COMPENSATED, WHILE ONE-THIRD (PROBABLY THOSE WITH GREATER SENIORITY) WOULD RECEIVE LESS THAN FULL COMPENSATION FOR TERMINATION OF CONTRACTS.

4. LANGER AND STEWART STATED THEY HAVE NO NEW OFFERS (DESPITE BELGIAN PRESS REPORTS TO CONTRARY) TO MAKE AT FEBRUARY 21 MEETING WITH UNION REPRESENTATIVES. THEY BELIEVE THAT THE MEETING WILL BE SHORT, AND LARGELY UNSATISFACTORY TO UNION SIDE, BUT THEY DID NOT EXPECT A CHANGE IN THEIR ATTITUDE PRIOR TO THE MEETING.
KATZ

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